

**Union Community Action Association, Inc.
Farmerville, Louisiana**

Financial Statements

**As of and for the Years Ended June 30, 2011 and 2010
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

JAN 25 2012

Union Community Action Association, Inc.
Farmerville, Louisiana

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COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REES, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
Union Community Action Association, Inc.
Farmerville, Louisiana

We have audited the accompanying statements of financial position of Union Community Action Association, Inc. as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Union Community Action Association, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union Community Action Association, Inc. as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2011, on our consideration of Union Community Action Association, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Union Community Action Association, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying supplemental schedules shown on pages 12 – 13 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Cook & Morehart
Certified Public Accountants
December 22, 2011

Union Community Action Association, Inc.
Farmerville, Louisiana
Statements of Financial Position
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Current assets:		
Cash	\$ 156,387	\$ 156,456
Certificates of deposit		60,526
Grant receivables	194,176	185,585
Other receivables	1,047	1,047
Other assets	3,371	3,365
Due from other funds	130,595	117,325
Total current assets	<u>485,578</u>	<u>524,304</u>
Property and equipment:		
Property and equipment	263,943	256,754
Accumulated depreciation	<u>(222,791)</u>	<u>(210,492)</u>
Net property and equipment	<u>41,152</u>	<u>46,262</u>
Total Assets	<u><u>\$ 526,728</u></u>	<u><u>\$ 570,566</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 57,274	\$ 74,024
Accrued liabilities	81,374	111,962
Refundable advances	13,260	15,495
Due to other funds	<u>130,595</u>	<u>117,325</u>
Total current liabilities	<u>282,503</u>	<u>318,806</u>
Net assets:		
Unrestricted:		
Operating	171,167	179,631
Designated	31,906	25,867
Fixed assets	<u>41,152</u>	<u>46,262</u>
Total net assets	<u>244,225</u>	<u>251,760</u>
Total Liabilities and Net Assets	<u><u>\$ 526,728</u></u>	<u><u>\$ 570,566</u></u>

The accompanying notes are an integral part of the financial statements.

Union Community Action Association, Inc.
Farmerville, Louisiana
Statements of Activities
For the Years Ended June 30, 2011 and 2010

	Unrestricted	
	2011	2010
Revenues and Other Support:		
Contractual revenue - grants	\$ 2,330,642	\$ 2,327,940
Interest income	375	1,234
Miscellaneous revenues	15,621	21,200
Total revenues and other support	2,346,638	2,350,374
Expenses:		
Workforce investment programs	1,193,555	1,592,552
Migrant education	337,213	313,540
Community services	147,162	149,740
Energy assistance	626,927	285,914
General services	49,316	14,019
Total expenses	2,354,173	2,355,765
Change in net assets	(7,535)	(5,391)
Net assets as of beginning of year	251,760	257,151
Net assets as of end of year	\$ 244,225	\$ 251,760

The accompanying notes are an integral part of the financial statements.

Union Community Action Association, Inc.
Farmerville, Louisiana
Statements of Cash Flows
For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating Activities		
Change in net assets	\$ (7,535)	\$ (5,391)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	12,299	15,200
(Increase) decrease in operating assets:		
Grant receivables	(8,591)	2,041
Other assets	(5)	(179)
Increase (decrease) in operating liabilities:		
Accounts payable	(16,750)	(30,851)
Accrued liabilities	(30,588)	12,631
Refundable advances	(2,235)	(9,826)
Net cash provided by (used in) operating activities	<u>(53,405)</u>	<u>(16,375)</u>
Investing Activities		
Payments for property and equipment	<u>(7,190)</u>	<u>(18,611)</u>
Net cash used in investing activities	<u>(7,190)</u>	<u>(18,611)</u>
Net increase (decrease) in cash and cash equivalents	(60,595)	(34,986)
Cash and cash equivalents as of beginning of year	<u>216,982</u>	<u>251,968</u>
Cash and cash equivalents as of end of year	<u>\$ 156,387</u>	<u>\$ 216,982</u>

The accompanying notes are an integral part of the financial statements.

Union Community Action Association, Inc.
Farmerville, Louisiana
Notes to Financial Statements
June 30, 2011 and 2010

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Union Community Action Association, Inc. (Union) is a private non-profit corporation incorporated under the laws of the State of Louisiana. Union is governed by a Board of Directors composed of 15 members. These board members receive no compensation for their services.

Union operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in Union parish in Louisiana. The following programs, shown with their approximate percentage of total revenues, are administered by Union:

WIA Adult Program (19%) – Prepares adults for participation in the labor force by increasing their occupational and educational skills. Funding is provided by Workforce Investment Act federal funds passed through the Louisiana Workforce Commission.

WIA Youth Program (18%) – Improves the long-term employability of youth; enhances the educational, occupational, and citizenship skills of youth; encourages school completion or enrollment in alternative school programs; increases the employment and earnings of youth; and reduces welfare dependency. Funding is provided by Workforce Investment Act federal funds passed through the Louisiana Workforce Commission.

WIA Dislocated Worker Program (13%) – Establishes an early readjustment capacity for dislocated workers by providing comprehensive coverage to workers regardless of the cause of dislocation; providing early referral from the unemployment insurance system to adjustment services as an integral part of the adjustment process; and fostering labor, management and community partnerships with government in addressing worker dislocation with an emphasis on retraining and reemployment services rather than income support. Funding is provided by Workforce Investment Act federal funds passed through the Louisiana Workforce Commission.

Migrant Education (14%) – Provides assistance to establish or improve programs designed to meet the special educational needs of migratory children of migratory agricultural workers or migratory fishers. Funding is provided by federal funds passed through the Louisiana Department of Education.

Community Services Block Grant (6%) – Administers programs designed to provide services and activities that will have a measurable impact on causes of poverty in the community. Funding is provided by federal funds passed through the Louisiana Workforce Commission.

Strategies to Empower People (Step) (1%) – Provide STEP clients with job readiness activities to facilitate their movement toward self-sufficiency through the use of a structured training and assessment program aimed at generalized job readiness skills. Funding is provided by federal funds passed through the Louisiana Workforce Commission.

Home Energy Assistance (27%) — Assists low income households offset the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Association of Community Action Partnerships, Inc.

Emergency Program (1%) — Provides various types of assistance payments in areas of high need through out the community to persons based upon their employment or poverty status. Funding is provided by federal funds from the Federal Emergency Management Agency.

(Continued)

Union Community Action Association, Inc.
Farmerville, Louisiana
Notes to Financial Statements
June 30, 2011 and 2010
(Continued)

Affordable Care Act (PHOCAS) (1%) — Provides individuals with education and training that will prepare them to enter and advance in the health care sector. Funding is provided by federal funds passed through the Louisiana Workforce Commission.

B. Basis of Accounting

The financial statements of Union have been prepared on the accrual basis of accounting.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

D. Income Tax Status

Union is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Union's tax-exempt purpose is subject to taxation as unrelated business income. Union had no such income for this audit period. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2008, 2009, 2010, and 2011 are subject to examination by the IRS, generally three years after they were filed.

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, Union considers all unrestricted highly liquid investments with an initial maturity of six months or less to be cash equivalents, when there is no significant penalty for early withdrawal.

G. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition as well as the ownership of any proceeds there from is subject to federal regulations. Union has adopted a policy to capitalize all items with a unit cost of \$1,000 or greater.

H. Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

(Continued)

Union Community Action Association, Inc.
Farmerville, Louisiana
Notes to Financial Statements
June 30, 2011 and 2010
(Continued)

Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

(2) Concentrations of Credit Risk

Financial instruments that potentially subject Union to concentrations of credit risk consist principally of temporary cash investments and grant receivables.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of June 30, 2011 and 2010, Union had no significant concentrations of credit risk in relation to grant receivables.

Union maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2011 total cash balances held at financial institutions was \$217,534. This entire amount was secured by FDIC. At June 30, 2010 total cash balances held at financial institutions was \$252,904. This entire amount was secured by FDIC.

(3) Grant Receivables

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at June 30, 2011 and 2010, but received after that date.

(4) Due To and Due From Other Funds

The following schedule represents amounts due to and due from other funds at June 30, 2011:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Services	\$ 130,595	\$ -
Workforce investment programs	-	121,718
Migrant Education	-	-
Community Services Block Grant	-	8,877
	<u>\$ 130,595</u>	<u>\$ 130,595</u>

(Continued)

Union Community Action Association, Inc.
Farmerville, Louisiana
Notes to Financial Statements
June 30, 2011 and 2010
(Continued)

The following schedule represents amounts due to and due from other funds at June 30, 2010:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Services	\$ 117,325	\$ -
Workforce investment programs	-	75,318
Migrant Education	-	12,945
Community Services Block Grant	-	29,062
	<u>\$ 117,325</u>	<u>\$ 117,325</u>

(5) Property and Equipment

Property and equipment consisted of the following at June 30, 2011:

	<u>Estimated Depreciable Life</u>	<u>Purchased With Federal Funds</u>	<u>Purchased With Non-Federal Funds</u>	<u>Total</u>
Furniture and equipment	5-10 years	\$ 169,829	\$ 14,825	\$ 184,654
Vehicles	5 years	59,985	19,304	79,289
Accumulated depreciation		(189,178)	(33,613)	(222,791)
Net investment in property and equipment		<u>\$ 40,636</u>	<u>\$ 516</u>	<u>\$ 41,152</u>

Depreciation expense for the year ended June 30, 2011 was \$12,299.

Property and equipment consisted of the following at June 30, 2010:

	<u>Estimated Depreciable Life</u>	<u>Purchased With Federal Funds</u>	<u>Purchased With Non-Federal Funds</u>	<u>Total</u>
Furniture and equipment	5-10 years	\$ 162,640	\$ 14,825	\$ 177,465
Vehicles	5 years	59,985	19,304	79,289
Accumulated depreciation		(177,152)	(33,340)	(210,492)
Net investment in property and equipment		<u>\$ 45,473</u>	<u>\$ 789</u>	<u>\$ 46,262</u>

Depreciation expense for the year ended June 30, 2010 was \$15,200.

(6) Refundable Advances

Union records federal funds received in excess of expenditures as a refundable advance until they are expended for the purpose of the contract or until the funds are returned to the appropriate funding source.

(Continued)

Union Community Action Association, Inc.
Farmerville, Louisiana
Notes to Financial Statements
June 30, 2011 and 2010
(Continued)

(7) Accrued Liabilities

Accrued liabilities at June 30, 2011 and 2010 consisted of the following:

	2011	2010
Accrued annual leave	\$ 63,510	\$ 78,453
Accrued payroll	8,774	27,982
Payroll liabilities	9,090	5,527
	<u>\$ 81,374</u>	<u>\$ 111,962</u>

(8) Contractual Revenue – Grants

During the years ended June 30, 2011 and 2010, Union received contractual revenue from federal and state grants in the amount of \$2,330,642 and \$2,327,940, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(9) Retirement Plan

Effective January 1, 2005, Union adopted a 401(k) Profit Sharing Plan. Union contributes 4% of the employees' compensation and the employees may contribute up to the maximum percentage allowable by law. The amount contributed by Union for the years ended June 30, 2011 and 2010 was \$16,350 and \$21,284, respectively.

(10) Leases

Union leases certain buildings and equipment under operating leases. Rental costs on those leases for the years ended June 30, 2011 and 2010 were \$50,957 and \$52,076, respectively.

Commitments under lease agreements having initial remaining terms in excess of one year are as follows:

For the Year Ending June 30,	
2012	\$ 10,660
2013	2,170
2014	2,070
2015	690
Total minimum future rentals	<u>\$ 15,590</u>

(11) Contingency

Employees of Union are entitled to paid sick days, earned at the rate of twelve hours per month of full time employment. It is reasonably possible but not certain that sick leave will be paid in the future; accordingly, no liability has been recorded in the accompanying financial statements. Union's policy is to recognize the costs of sick leave benefits when actually paid to employees. Upon an employee's resignation, lay-off, or death, no pay will be granted for any earned sick leave. Union estimates the liability for sick leave earned by employees but not yet taken as of June 30, 2011, to be approximately \$186,769.

(Continued)

Union Community Action Association, Inc.
Farmerville, Louisiana
Notes to Financial Statements
June 30, 2011 and 2010
(Continued)

(12) Designated Net Assets

Designated net assets at June 30, 2011 and 2010 consist of funds designated for use within the Low-income House Energy Assistance Program.

(13) Subsequent events

Subsequent events have been evaluated through December 22, 2011, the date the financial statements were available to be issued.

(14) Subsequent Event – Workforce Investment Programs

The contracts for the Workforce Investment Programs were not renewed after September, 2011. Those contracts represented approximately 51% of the total revenue for the year ended June 30, 2011.

Union Community Action Association, Inc.
Farmerville, Louisiana
Combining Schedule of Financial Position
June 30, 2011

	Workforce Investment Programs	Migrant Education	Community Services	General Services	Total
Assets					
Current assets:					
Cash	\$ 8,485	\$ 8,412	\$	\$ 139,490	\$ 156,387
Grant receivables	120,128		8,982	65,086	194,176
Other receivables	297			750	1,047
Other assets				3,371	3,371
Due from other funds		5,194		125,401	130,595
Total current assets	128,910	13,606	8,982	334,078	485,576
Property and equipment:					
Property and equipment	185,001	43,358	1,455	34,129	263,943
Accumulated depreciation	(164,208)	(23,730)	(1,240)	(33,613)	(222,791)
Net property and equipment	20,793	19,628	215	516	41,152
Total Assets	\$ 149,703	\$ 33,234	\$ 9,197	\$ 334,594	\$ 526,728
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 7,182	\$ 346	\$ 105	\$ 49,631	\$ 57,274
Accrued liabilities				81,374	81,374
Refundable advances		13,260			13,260
Due to other funds	121,718		8,877		130,595
Total current liabilities	128,910	13,606	8,982	131,005	282,503
Net assets:					
Unrestricted:					
Operating				171,167	171,167
Designated				31,906	31,906
Fixed assets	20,793	19,628	215	516	41,152
Total net assets	20,793	19,628	215	203,589	244,225
Total Liabilities and Net Assets	\$ 149,703	\$ 33,234	\$ 9,197	\$ 334,594	\$ 526,728

Union Community Action Association, Inc.
Farmerville, Louisiana
Combining Schedule of Activities
For the Year Ended June 30, 2011

	Workforce Investment Programs	Migrant Education	Community Services	General Services	Total
Revenues and Other Support:					
Contractual revenue – grants	\$ 1,182,530	\$ 339,740	\$ 146,987	\$ 661,385	\$ 2,330,642
Interest income				375	375
Miscellaneous revenues	3,668	168		11,785	15,621
Total revenues and other support	<u>1,186,198</u>	<u>339,908</u>	<u>146,987</u>	<u>673,545</u>	<u>2,346,638</u>
Expenses and Losses:					
Salaries	676,509	137,919	105,724	28,130	948,282
Fringe benefits	135,831	16,957	28,802	8,855	190,445
Travel	2,714	55,543	1,652	3,423	63,332
Equipment	32,340	3,775	179	367	36,661
Occupancy	47,026			1,250	48,276
Telephone and postage	13,841	5,175	1,648	52	20,716
Supplies	5,866	19,033	875	3,533	29,307
Professional services	19,494	79,089	2,172	1,800	102,555
Insurance	6,276	6,951	810	445	14,482
Miscellaneous		8,277	1,675	33,775	43,727
Client assistance payments	13,582			594,341	607,923
Participant support services	232,718		3,450		236,168
Depreciation	7,358	4,494	175	272	12,299
Total expenses	<u>1,193,555</u>	<u>337,213</u>	<u>147,162</u>	<u>676,243</u>	<u>2,354,173</u>
Change in net assets	(7,357)	2,695	(175)	(2,698)	(7,535)
Net assets as of beginning of year	<u>28,150</u>	<u>16,933</u>	<u>390</u>	<u>206,287</u>	<u>251,760</u>
Net assets as of end of year	<u>\$ 20,793</u>	<u>\$ 19,628</u>	<u>\$ 215</u>	<u>\$ 203,589</u>	<u>\$ 244,225</u>

Union Community Action Association, Inc.
Farmerville, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Health and Human Services</u>		
Passed through Louisiana Workforce Commission		
Community Services Block Grant	93.569	\$ 94,599
ARRA - Community Services Block Grant	93.710	52,388
Strategies to Empower People	93.558	14,901
Affordable Care Act (PHOCAS)	93.093	20,779
Passed through Louisiana Association of Community Action Partnerships		
Home Energy Assistance Program - Energy	93.568	626,927
Total U.S. Department of Health and Human Services		809,594
<u>U.S. Department of Homeland Security</u>		
Passed through United Way of America		
Emergency Food and Shelter Program	97.024	10,180
<u>U.S. Department of Education</u>		
Passed through Louisiana Department of Education		
Migrant Education	84.011	339,908
<u>U.S. Department of Labor</u>		
Passed through Louisiana Workforce Commission:		
Workforce Investment Act - Cluster:		
Adult Program	17.258	387,744
ARRA - Adult Program	17.258	57,536
10% Incentive	17.259	18,332
Youth Program	17.259	336,316
ARRA - Youth Program	17.259	55,629
15% Discretionary Staffing	17.259	26,207
Dislocated Worker Program	17.260	152,358
ARRA - Dislocated Worker Program	17.260	85,059
Dislocated Worker Program - NEG	17.260	50,624
Total U.S. Department of Labor		1,169,805
Total federal expenditures		\$ 2,329,487

NOTE 1: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Board of Directors
Union Community Action Association, Inc.
Farmerville, Louisiana

We have audited the financial statements of Union Community Action Association, Inc. (a nonprofit organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Union Community Action Association, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Union Community Action Association, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Union Community Action Association, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2011-B1, that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

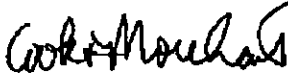
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Union Community Action Association, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material

effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Union Community Action Association, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Union Community Action Association, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart
Certified Public Accountants
December 22, 2011

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

STUART L. REEKS, CPA

Independent Auditor's Report on Compliance with Requirements That Could Have A Direct and Material Effect On Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

To the Board of Directors
Union Community Action Association, Inc.
Farmerville, Louisiana

Compliance

We have audited Union Community Action Association, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Union Community Action Association, Inc.'s major federal programs for the year ended June 30, 2011. Union Community Action Association, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Union Community Action Association, Inc.'s management. Our responsibility is to express an opinion on Union Community Action Association, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Union Community Action Association, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Union Community Action Association, Inc.'s compliance with those requirements.

In our opinion, Union Community Action Association, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Union Community Action Association, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Union Community Action Association, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned

functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart
Certified Public Accountants
December 22, 2011

Union Community Action Association, Inc.
Farmerville, Louisiana
Summary Schedule of Prior Audit Findings
June 30, 2011

There were no findings related to federal awards programs for the audit for the year ended June 30, 2010.

Schedule of Findings and Questioned Costs
June 30, 2011

A. Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the financial statements of Union Community Action Association, Inc.
2. One significant deficiency is reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. The deficiency is not reported as a material weakness.
3. No instances of noncompliance material to the financial statements of Union Community Action Association, Inc. were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements That Could Have A Direct and Material Effect On Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Union Community Action Association, Inc. expresses an unqualified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs included: 1) Workforce Investment Act and ARRA Workforce Investment Act – cluster: WIA Adult, Youth and Dislocated Worker Programs, CFDA #17.258, 17.259, and 17.260; 2) Community Service Block Grant and ARRA Community Service Block Grant cluster, CFDA#93.569 and 93.710; and 3) Home Energy Assistance Program, CFDA#93.568.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Union Community Action Association, Inc. qualifies as a low-risk auditee.

B. Findings – Financial Statements Audit:

2011-B1 SIGNIFICANT DEFICIENCY

Deficiency: Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the notes to financial statements, in conformity with U.S. generally accepted accounting principles. As part of the audit, management requested us to prepare a draft of your financial statements, including the related notes to financial statements. This condition is intentional by management based upon the agency's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance.

(Continued)

Union Community Action Association, Inc.
Farmerville, Louisiana
Schedule of Findings and Questioned Costs
June 30, 2011
(Continued)

Recommendation: Whether or not it would be cost effective to cure a control deficiency is not a factor in applying Statement on Auditing Standards (SAS) 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Management's Response: Union Community Action Association, Inc. concurs with the finding and recommendation.

C. Findings and Questioned Costs – Major Federal Award Programs Audit: None.

Union Community Action Association, Inc.
Farmerville, Louisiana
Schedule of Prior Audit Findings For Louisiana Legislative Auditor
June 30, 2011

There was one significant deficiency related to the agency's financial statements in the previous audit for the year ended June 30, 2010, as follows:

2010-B1 SIGNIFICANT DEFICIENCY

Deficiency: Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the notes to financial statements, in conformity with U.S. generally accepted accounting principles. As part of the audit, management requested us to prepare a draft of your financial statements, including the related notes to financial statements. This condition is intentional by management based upon the agency's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance.

Recommendation: Whether or not it would be cost effective to cure a control deficiency is not a factor in applying Statement on Auditing Standards (SAS) 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Current Status: See repeat comment in current year audit.

Union Community Action Association, Inc.
Farmerville, Louisiana
Schedule of Current Audit Findings For Louisiana Legislative Auditor
June 30, 2011

There is one significant deficiency for the current year audit period ended June 30, 2011, as reported in the accompanying schedule of findings and questioned costs.